

## Principal Financial Statements

The principal financial statements included in the Department of the Interior's (DOI) FY 2002 Annual Report on Performance and Accountability have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Office of Management and Budget's (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." OMB financial statement reporting guidelines for FY 2002 require the presentation of comparative financial statements for some but not all of the principal financial statements. The Department has presented comparative FY 2001 financial statements for the consolidated balance sheet, the consolidated statement of net cost, and the statement of custodial activity.

The responsibility for the integrity of the financial information included in these statements rests with management of the Department of the Interior. The audit of DOI's principal financial statements was performed by an independent certified public accounting firm, selected by the Department's Office of Inspector General. The auditors' report issued by the independent certified public accounting firm is included in Part 3 of this report.

**Consolidated Balance Sheet**  
**as of September 30, 2002 and 2001**  
(dollars in thousands)

	2002	2001 (As Restated)
<b>ASSETS</b>		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 26,876,542	\$ 25,549,373
Investments, Net (Note 4)	5,348,343	5,118,528
Accounts and Interest Receivable, Net (Note 5)	630,306	253,087
Other		
Advances and Prepayments	5,508	2,370
<b>Total Intragovernmental Assets</b>	<b>32,860,699</b>	<b>30,923,358</b>
Cash (Note 3)	1,422	1,473
Investments, Net (Note 4)	138,602	136,637
Accounts and Interest Receivable, Net (Note 5)	1,304,062	1,654,814
Loans and Interest Receivable, Net (Note 6)	225,831	216,808
Inventory and Related Property (Note 7)	363,089	363,782
General Property, Plant & Equipment, Net (Note 8)	16,916,769	16,445,237
Other		
Advances and Prepayments	34,874	35,134
Other Assets, Net (Note 9)	233,862	244,459
Stewardship Assets (Note 10)		
<b>TOTAL ASSETS (Note 11)</b>	<b>\$ 52,079,210</b>	<b>\$ 50,021,702</b>
<b>LIABILITIES</b>		
Intragovernmental Liabilities:		
Accounts Payable	\$ 81,962	\$ 79,813
Debt (Note 12)	1,454,963	1,457,588
Other		
Accrued Payroll and Benefits	182,002	155,855
Advances and Deferred Revenue (Note 13)	517,064	286,892
Deferred Credits	148,482	14,655
Custodial Liability	835,951	1,108,753
Aquatic Resource Amounts Due to Others	371,122	335,416
Judgment Fund	148,870	91,207
Other Liabilities	93,801	99,324
<b>Total Intragovernmental Liabilities</b>	<b>3,834,217</b>	<b>3,629,503</b>
Public Liabilities:		
Accounts Payable	825,168	722,594
Loan Guarantee Liability (Note 6)	49,097	47,975
Debt	-	306
Federal Employees Compensation Act Liability (Note 14)	658,501	663,468
Environmental Cleanup Costs (Note 15)	239,087	268,249
Other		
Accrued Payroll and Benefits	557,628	516,778
Deferred Credits	424,896	289,501
Contingent Liabilities (Note 15)	1,022,380	480,110
Other Liabilities (Note 13)	624,019	514,157
<b>Total Public Liabilities</b>	<b>4,400,776</b>	<b>3,503,138</b>
<b>TOTAL LIABILITIES (Note 16)</b>	<b>8,234,993</b>	<b>7,132,641</b>
Commitments and Contingencies (Notes 15 and 17)		
Net Position (Note 21)		
Unexpended Appropriations	3,827,071	3,660,444
Cumulative Results of Operations	40,017,146	39,228,617
<b>Total Net Position</b>	<b>43,844,217</b>	<b>42,889,061</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 52,079,210</b>	<b>\$ 50,021,702</b>

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Net Cost  
for the years ended September 30, 2002 and 2001  
(dollars in thousands)

	2002	2001 (As Restated)
<b>Protect the Environment and Preserve Our Nation's Natural &amp; Cultural Resources</b>		
Cost	\$ 4,124,646	\$ 3,590,133
Earned Revenue	425,696	448,472
Net Cost	3,698,950	3,141,661
<b>Provide Recreation for America</b>		
Cost	2,103,191	2,039,086
Earned Revenue	181,498	190,935
Net Cost	1,921,693	1,848,151
<b>Manage Natural Resources for a Healthy Environment and a Strong Economy</b>		
Cost	4,312,848	4,045,514
Earned Revenue	903,591	1,068,622
Net Cost	3,409,257	2,976,892
<b>Provide Science for a Changing World</b>		
Cost	1,464,551	1,355,816
Earned Revenue	345,505	334,868
Net Cost	1,119,046	1,020,948
<b>Meet Our Responsibilities to American Indians and Island Communities</b>		
Cost	2,933,812	2,736,321
Earned Revenue	320,998	265,083
Net Cost	2,612,814	2,471,238
<b>Other</b>		
Cost	792,368	507,663
Earned Revenue	622,571	349,205
Net Cost	169,797	158,458
<b>Totals</b>		
Cost (Note 20)	15,731,416	14,274,533
Earned Revenue	2,799,859	2,657,185
<b>Net Cost (Notes 18 and 19)</b>	<b>\$ 12,931,557</b>	<b>\$ 11,617,348</b>

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Net Position  
for the year ended September 30, 2002  
(dollars in thousands)

	Cumulative Results of Operations	Unexpended Appropriations
<b>Beginning Balances, as restated (Note 21)</b>	\$ 39,228,617	\$ 3,660,444
<b>Cumulative Effect of Change in Accounting (Note 24)</b>	(2,694)	(53,576)
<b>Beginning Balances, as restated and adjusted</b>	39,225,923	3,606,868
<b>Budgetary Financing Sources</b>		
Appropriations Received, General Funds		9,207,436
Appropriations Transferred In/Out		293,474
Appropriations-Used	9,232,821	(9,232,821)
Royalties Retained (Note 22)	2,541,126	
Transfers In/Out without Reimbursement	72,753	
Tax Revenue	656,923	
Abandoned Mine Fees	285,580	
Donations and Forfeitures of Cash and Cash Equivalents	20,635	
Other Non-Exchange Revenue	146,822	
Other Budgetary Financing Sources and Adjustments	(3,910)	(47,886)
<b>Other Financing Sources</b>		
Imputed Financing from Cost absorbed by others	541,023	
Transfers In/Out without Reimbursement	224,797	
Donations and forfeitures of property	4,464	
Other	(254)	
<b>Total Financing Sources</b>	13,722,780	220,203
<b>Net Cost of Operations</b>	(12,931,557)	
<b>Ending Balance</b>	\$ 40,017,146	\$ 3,827,071

The accompanying notes are an integral part of these financial statements.

Combined Statement of Budgetary Resources  
for the year ended September 30, 2002  
(dollars in thousands)

	Budgetary	Non-Budgetary Credit Program Financing Accounts
<b>Budgetary Resources:</b>		
Budget Authority:		
Appropriations Received	\$ 13,107,374	\$ -
Borrowing Authority	-	11,944
Net Transfers, Current Year Authority (+/-)	232,250	-
Unobligated Balance (Note 24):		
Beginning of Fiscal Year, as adjusted	3,837,803	56,818
Net Transfers, Unobligated Balance, Actual (+/-)	13,324	-
Spending Authority From Offsetting Collections:		
Earned		
Collected	3,075,661	7,298
Receivable From Federal Sources	111,817	(381)
Change in Unfilled Customer Orders		
Advance Received	253,051	-
Without Advance From Federal Sources	318,515	-
Recoveries of Prior Year Obligations	334,138	195
Temporarily Not Available Pursuant to Public Law	(23,502)	-
Permanently Not Available	(73,342)	(5,220)
<b>Total Budgetary Resources (Note 24)</b>	<b>\$ 21,187,089</b>	<b>\$ 70,654</b>
<b>Status of Budgetary Resources:</b>		
Obligations Incurred:		
Direct	\$ 13,385,839	\$ 14,877
Reimbursable	3,356,563	-
Total Obligations Incurred	16,742,402	14,877
Unobligated Balance (Note 24):		
Apportioned	4,239,703	(2,169)
Exempt From Apportionment	46,873	57,946
Unobligated Balance not Available	158,111	-
<b>Total Status of Budgetary Resources</b>	<b>\$ 21,187,089</b>	<b>\$ 70,654</b>
<b>Relationship of Obligations to Outlays:</b>		
Obligations Incurred	\$ 16,742,402	\$ 14,877
Obligated Balance, Net, Beginning of Fiscal Year, as adjusted (Note 24)	4,522,627	20,139
Obligated Balance, Net, End of Fiscal Year:		
Accounts Receivable	510,180	475
Unfilled Customer Orders From Federal Sources	729,400	-
Undelivered Orders	(4,798,473)	(12,040)
Accounts Payable	(1,315,453)	(36)
Less: Spending Authority Adjustments	(764,470)	185
Outlays:		
Disbursements	15,626,213	23,600
Collections	(3,328,713)	(7,298)
Subtotal	12,297,500	16,302
Less: Offsetting Receipts	(2,869,967)	-
<b>Net Outlays</b>	<b>\$ 9,427,533</b>	<b>\$ 16,302</b>

The accompanying notes are an integral part of these financial statements.

**Consolidated Statement of Financing**  
**for the year ended September 30, 2002**  
(dollars in thousands)

**Resources Used to Finance Activities:**

Budgetary Resources Obligated:	
Obligations Incurred	\$ 16,757,279
Less: Spending Authority From Offsetting Collections/Adjustments	(4,100,294)
Obligations Net of Offsetting Collections and Adjustments	12,656,985
Less: Offsetting Receipts	(2,869,967)
Net Obligations	9,787,018
Other Resources:	
Donations and Forfeitures of Property	4,464
Transfers In/Out Without Reimbursement	224,797
Imputed Financing From Costs Absorbed by Others	541,023
Net Other Resources Used to Finance Activities	770,284
Total Resources Used to Finance Activities	\$ 10,557,302

**Resources Used to Finance Items Not Part of the Net Cost of Operations:**

Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(12,180)
Resources That Fund Expenses Recognized in Prior Periods	105,112
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations:	
Credit Program Collections Which Increase Liabilities for Loan Guarantees or Allowances for Subsidy	(10,797)
Offsetting Receipts Not Part of the Net Cost of Operations	1,776,835
Resources That Finance the Acquisition of Assets	(1,035,036)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(37,053)
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	786,881

**Total Resources Used to Finance the Net Cost of Operations** 11,344,183

**Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:**

Components Requiring or Generating Resources in Future Periods:	
Increase in Annual Leave Liability	17,025
Upward/Downward Re-estimates in Credit Subsidy Expense	2,354
Increase in Contingent Liabilities	542,270
Other	169,382
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	731,031
Components Not Requiring or Generating Resources:	
Depreciation and Amortization	499,655
Components of Net Cost of Operations Related to Transfer Accounts Where Budget Amounts are Reported by Other Federal Entities (Note 25)	346,592
Other	10,096
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	856,343
<b>Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period</b>	<b>1,587,374</b>
<b>Net Cost of Operations</b>	<b>\$ 12,931,557</b>

The accompanying notes are an integral part of these financial statements.

Statement of Custodial Activity  
for the years ended September 30, 2002 and 2001  
(dollars in thousands)

	2002	2001
<b>Revenues on Behalf of the Federal Government</b>		
<b>Mineral Lease Revenue</b>		
Rents and Royalties	\$ 5,445,180	\$ 9,491,482
Offshore Lease Sales	884,859	669,840
Strategic Petroleum Reserve (Note 23)	262,752	61,654
<b>Total Revenue</b>	<b>\$ 6,592,791</b>	<b>\$ 10,222,976</b>
<b>Disposition of Revenue</b>		
<b>Distribution to Department of the Interior</b>		
National Park Service Conservation Funds	\$ 1,047,980	\$ 1,046,493
Bureau of Reclamation	544,826	823,929
Minerals Management Service	794,779	1,157,049
Bureau of Land Management	8,270	7,198
Fish and Wildlife Service	891	1,468
<b>Distribution to Other Federal Agencies</b>		
Department of Treasury	4,138,702	6,405,104
Department of Agriculture	16,091	25,410
Department of Commerce	-	1,105
Department of Energy	262,752	61,654
<b>Distribution to Indian Tribes and Agencies</b>	<b>61,338</b>	<b>107,982</b>
<b>Distribution to States and Others</b>	<b>30,443</b>	<b>141,388</b>
<b>Change in Untransferred Revenue</b>	<b>(313,281)</b>	<b>444,196</b>
<b>Total Disposition of Revenue</b>	<b>\$ 6,592,791</b>	<b>\$ 10,222,976</b>

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